

AMENDED IN SENATE JANUARY 4, 2007

SENATE BILL

No. 24

Introduced by Senator Torlakson

December 4, 2006

An act to add Article 4 (commencing with Section 30133) to Chapter 2 of Part 13 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 24, as amended, Torlakson. Taxes: cigarette and tobacco products.

The Cigarette and Tobacco Products Tax Law imposes a tax on every distributor of cigarettes and tobacco products at specified rates, including additional taxes imposed under the Tobacco Tax and Health Protection Act of 1988 (Proposition 99), and the California Families and Children Act of 1998 (Proposition 10).

This bill would, commencing January 1, 2008, impose an additional tax on the distribution of cigarettes at the rate of \$0.095 for each cigarette distributed. This bill would require the revenues collected from these additional taxes to be deposited in the ~~state~~ General Fund, which shall be used, upon appropriation, for *children's* health related purposes *and smoking cessation programs*, as determined by the Legislature.

By imposing a new tax, this bill would result in a change in state taxes for the purpose of increasing revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 4 (commencing with Section 30133) is added to Chapter 2 of Part 13 of Division 2 of the Revenue and Taxation Code, to read:

Article 4. Tobacco Products Excise Tax

30133. In addition to the taxes imposed upon the distribution of cigarettes by Article 1 (commencing with Section 30101), Article 2 (commencing with Section 30121), Article 3 (commencing with Section 30131), and any other taxes in this chapter, there shall be imposed an additional excise tax upon every distributor of cigarettes at the rate of nine and one-half cents (\$0.095) for each cigarette that is distributed on and after January 1, 2008.

30135. (a) Every dealer and wholesaler, for the privilege of holding or storing cigarettes for sale, use, or consumption, shall pay a floor stock tax for each cigarette in his or her possession or under his or her control in this state at 12:01 a.m. on January 1, 2008, at the rate of nine and one-half cents (\$0.095) for each cigarette.

(b) Every dealer and wholesaler shall file a return with the board on or before February 15, 2008, on a form prescribed by the board, showing the number of cigarettes in his or her possession or under his or her control at 12:01 a.m. on January 1, 2008. The amount of tax shall be computed and shown on the return.

(c) Every licensed cigarette distributor, for the privilege of distributing cigarettes and for holding or storing cigarettes for sale, use, or consumption, shall pay a cigarette indicia adjustment tax for each California cigarette tax stamp that is affixed to any package of cigarettes and for each unaffixed California cigarette tax stamp in his or her possession or under his or her control at 12:01 a.m. on January 1, 2008, at the following rates:

(1) Two dollars and thirty-seven and one-half cents (\$2.375) for each stamp bearing the designation "25."

(2) One dollar and ninety cents (\$1.90) for each stamp bearing the designation "20."

(3) Ninety-five cents (\$0.95) for each stamp bearing the designation "10."

1 (4) Nine and one-half cents (\$0.095) for each stamp bearing the
2 designation “1.”

3 (d) Every licensed cigarette distributor shall file a return with
4 the board on or before February 15, 2008, on a form prescribed
5 by the board, showing the number of stamps described in
6 subdivision (c). The amount of tax shall be computed and shown
7 on the return.

8 (e) The taxes required to be paid by this section are due and
9 payable on or before February 15, 2008. Payments shall be made
10 by remittances payable to the board and the payments shall
11 accompany the forms required to be filed by this section.

12 (f) Any amount required to be paid by this section that is not
13 timely paid shall bear interest at the rate and by the method
14 established pursuant to Section 30202 from February 15, 2008,
15 until paid, and shall be subject to determination, and
16 redetermination, and any penalties provided with respect to
17 determinations and redeterminations.

18 30136. Except for payments of refunds made pursuant to Article
19 1 (commencing with Section 30361) of Chapter 6, and
20 reimbursement of the State Board of Equalization for expenses
21 incurred in the administration and collection of the excise taxes
22 imposed by this article, all moneys raised pursuant to the taxes
23 imposed by this article shall be transmitted by the board to the
24 Treasurer for deposit in the ~~state~~ General Fund, which shall be
25 used, upon appropriation, for ~~health-related purposes~~ *children's*
26 *health related purposes and smoking cessation programs*, as
27 determined by the Legislature.